

CANADA • NOVA SCOTIA
Crop Insurance

ANNUAL REPORT

1988-1989

**THE
NOVA SCOTIA
CROP & LIVESTOCK
INSURANCE COMMISSION**

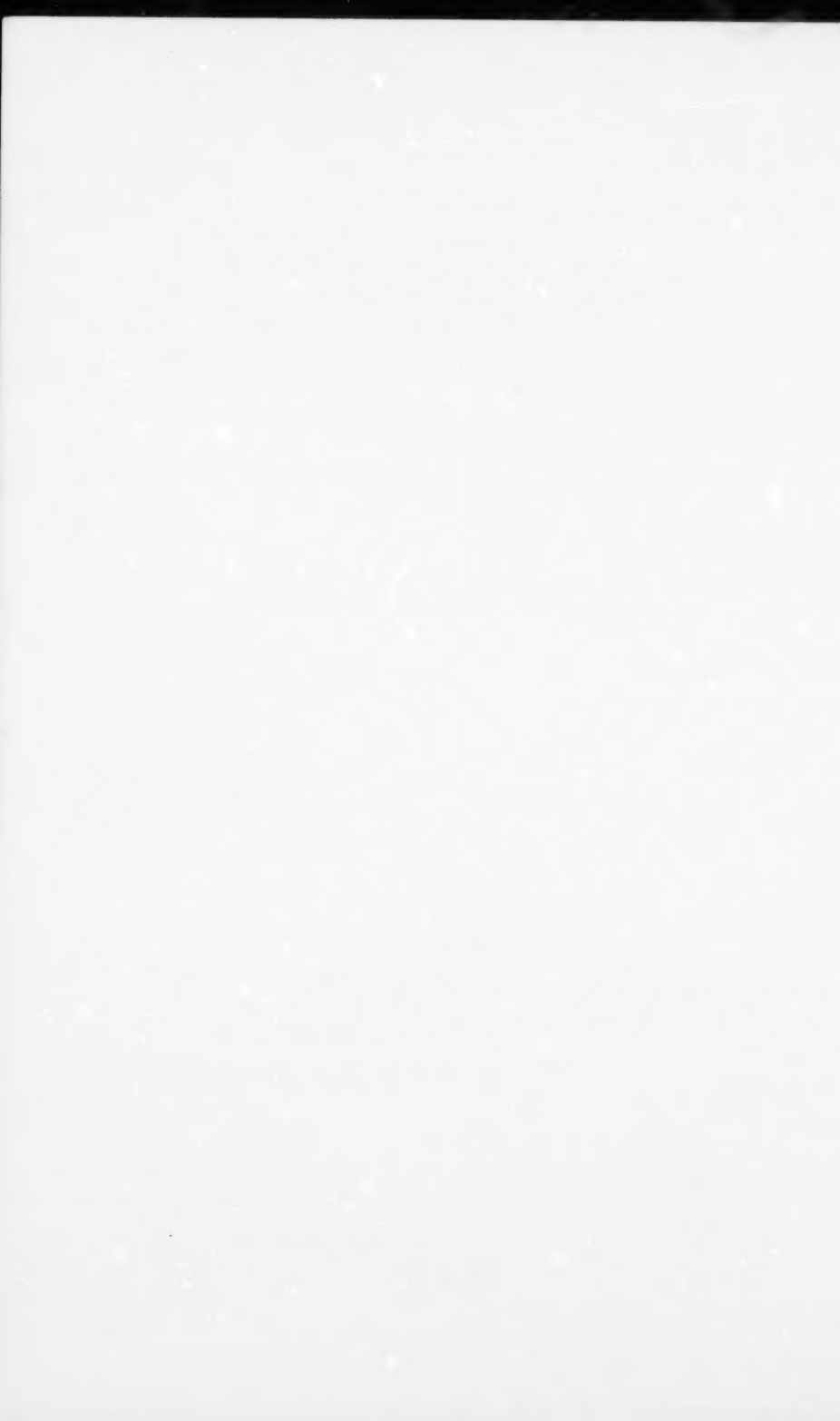


**Agriculture
Canada**

Nova Scotia



**Province of
Nova Scotia**



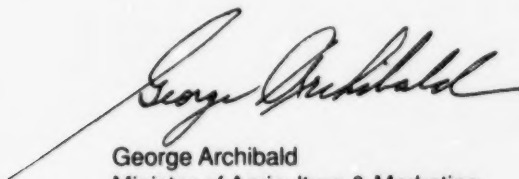
His Honour
The Honourable Lloyd R. Crouse, P.C.
Lieutenant Governor of Nova Scotia

Dear Sir:

I have the honour to transmit herewith the twentieth Annual Report of the Nova Scotia Crop and Livestock Insurance Commission for the fiscal year ended March 31, 1989.

I am, Your Honour,

Yours very truly,



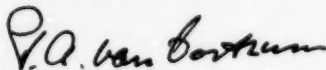
George Archibald
Minister of Agriculture & Marketing

The Honourable George Archibald
Minister of Agriculture & Marketing

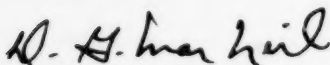
Sir:

Presented herewith is the twentieth Annual Report of the Nova Scotia
Crop and Livestock Insurance Commission for the fiscal year ended
March 31, 1989.

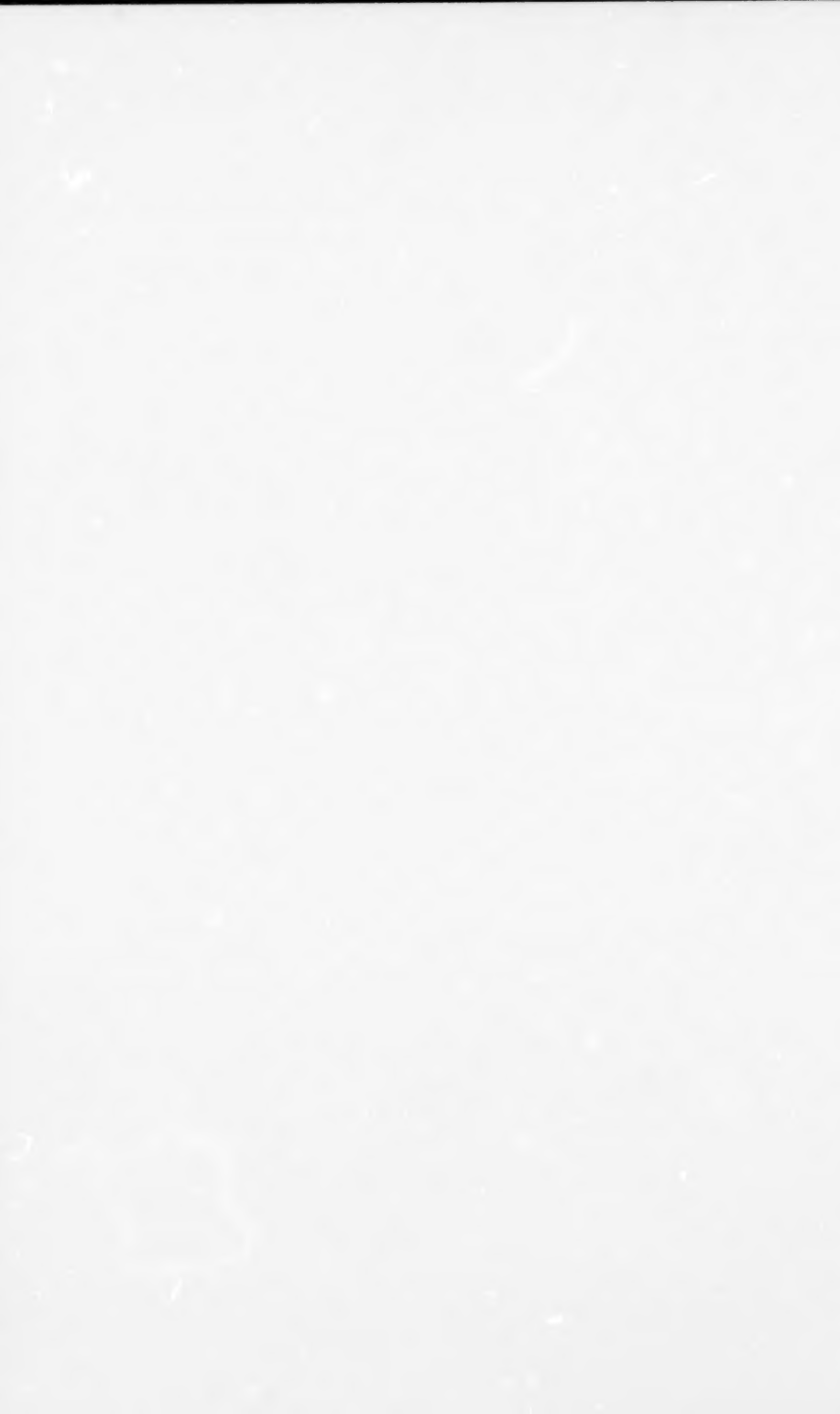
Respectfully submitted,
Nova Scotia Crop &
Livestock Insurance
Commission



P.A. van Oostrum
Chairman



D.G. MacNeil
Manager



CONTENTS

Summary of the 1988 Crop Year	9
Objectives and Responsibilities	9
Financial Participation	10
Insurance Plans in Force	10
Features of the Crop Insurance Plans	11
Statistical Summaries	12
Acknowledgements	17
Conclusion	17
Commission Officers	18
Auditor's Report	19



SUMMARY OF THE 1988 CROP YEAR

The winter of 1988 was variable; a major snow storm occurred on January 4 dropping 50 cm, and throughout February and March snow and rain continued.

During the first week of April the weather was warm and everyone expected an early spring, however the conditions changed with wet and cold weather continuing into May. On May 3 no peas for processing were seeded, whereas the previous year over 300 acres (120 ha) had been planted by this date. The weather improved during the last two weeks in May and a considerable amount of seeding was under way. It remained dry until the third week of June. A considerable amount of blight was observed in lowbush blueberry fields.

Early July was wet; a mini tornado hit the Enfield, Milford and Musquodoboit area flattening a large percentage of spring grain. Throughout the province isolated hail damage occurred to lowbush blueberries. Blueberry harvesting commenced August 14, and although weather conditions were hot and humid, there was an excellent crop of lowbush blueberries. The largest apple crop in 40 years was harvested in 1988.

The first fall frost occurred on September 3. The weather remained unstable throughout the fall with considerable rain, however the temperatures were above normal. The Crop and Livestock Insurance Commission experienced a good year, although at times, it gave indications of problems.

OBJECTIVES AND RESPONSIBILITIES

The mandate of the Crop and Livestock Insurance Commission is to make available to Nova Scotia Farmers a crop and livestock insurance program that will be of assistance in times of low crop yields, or in the event of dairy livestock losses. This provides a stabilizing effect for the farmer and the agricultural community in general.

The Crop and Livestock Insurance Commission is responsible for the administration of crop and livestock insurance plans in Nova Scotia. This includes the functions of sales, promotion, underwriting, field inspections, adjusting and payment of claims, accounting, and maintaining yield records.

FINANCIAL PARTICIPATION

Administration

The administration of the Crop and Livestock Insurance program is the responsibility of the Commission under the authority of the Minister of Agriculture and Marketing. It is subject to the provisions of the Nova Scotia Crop and Livestock Insurance Act and the Crop Insurance Agreement between the governments of Nova Scotia and Canada.

The government of Nova Scotia contributes all of the administration costs, totalling \$276,790 for the 1988-89 fiscal year, plus the reinsurance premium, amounting to \$39,981 for the fiscal year.

Premium

The government of Canada provides financial assistance to the Canada-Nova Scotia Crop Insurance Program by contributing 50 per cent of the total premium required each year. The federal government's contribution totalled approximately \$270,908 for 1988-89.

INSURANCE PLANS IN FORCE

- | | |
|------------------------|---------------------------------------|
| 1. Spring grain | — Oats, barley, wheat and mixed grain |
| 2. Winter grain | — Rye, wheat |
| 3. Tree fruit | — Apples, pears, tree protection |
| 4. Tobacco | |
| 5. Corn | — Silage, grain |
| 6. Peas and beans | — Processing |
| 7. Lowbush blueberries | |
| 8. Strawberries | |
| 9. Forage | |
| 10. Dairy livestock | |
| 11. Soybeans | |
| 12. Potatoes | — Processing |

FEATURES OF THE CROP INSURANCE PLANS

Designated Perils

Wind, frost, drought, disease, excessive moisture, hail, insect infestation, and wildlife.

Type of Insurance

Each insured crop is guaranteed a specific yield based upon the past yield records of each insured. When no records are available a bench mark will be used — either provincial averages or industry averages.

Quality Guarantee

Losses due to low quality may be taken into consideration for the tree fruit and tobacco plans.

Premium Discount/Surcharge

The base premium rate is adjusted by giving a discount when indemnities paid are less than premium paid or by adding a surcharge when indemnities paid exceed premium.

STATISTICAL SUMMARY
PERIOD ENDING
March 31, 1989

Plan Name	No. Growers	No. Acres	Total Coverage	Total Premium	Total Indemnities
Spring grain	178	3,981	\$ 350,354	\$ 36,508	\$ 14,824
Tree fruit	107	5,528	4,938,258	168,528	5,069
Tobacco	11	468	1,476,777	37,597	0
Pea & bean	40	2,891	1,019,484	106,219	75,731
Forage (88/89)	1	22	1,100	154	756*
Corn	43	2,267	386,529	45,462	2,283
Blueberries	115	3,595	719,216	37,524	785
Strawberries	17	67	82,365	6,315	0
Winter grain (88/89)	12	1,232	344,892	24,256	888*
Soybeans	4	100	16,742	2,019	0
Potatoes	13	748	668,773	66,228	6,296
Crop Summary	541	20,900	\$10,004,489	\$530,810	\$106,632

	No. Producers	No. Animals	Total Coverage	Total Premium	Total Indemnities
Livestock Summary	313	25,913	\$26,836,304	\$35,485	\$7,639

* Claims paid re: 1987-88 crop year

**SUMMARY OF CROP INSURANCE PLANS
(1969-1988 Crop Years Inclusive)**

Plan	No. Years	No. Claims	Total Premium	Claims Paid	Loss Ratio
Spring grain	20	867	554,960	454,691	0.82
Winter grain	20*	154	258,746	127,303	0.49
Tree fruit	19	254	1,296,656	1,504,169	1.16
Tree rider	5	2	46,189	7,965	0.17
Tobacco	18	14	540,429	86,241	0.16
Corn	18	344	629,819	687,019	1.09
Peas & beans	17	371	1,665,368	1,618,581	0.97
Blueberries	16	218	439,047	196,403	0.45
Strawberries	15	74	114,427	109,072	0.95
Forage	11*	96	41,573	35,416	0.85
Soybeans	3	11	6,740	12,060	1.79
Potatoes	2	4	139,163	35,014	0.25
		2,409	5,733,117	4,873,934	0.85

* Does not include summary of 1988-1989 because of claims pending after March 31, 1989.

**OPERATIONS SUMMARY OF CROP INSURANCE YEARS
(1969-1989 Fiscal Years Inclusive: April 1 - March 31)**

Crop Years	No. Contracts	Total Coverage	Total Premium	Claims Paid	Loss Ratio
1988-1989	533	\$10,004,489.00	\$530,810.00	\$106,632.00	0.20
1987-1988	597	10,340,565.00	538,940.00	158,780.00	0.29
1986-1987	730	10,179,980.00	495,952.00	1,391,647.00	2.81
1985-1986	730	9,825,538.00	449,233.00	506,714.00	1.33
1984-1985	740	9,671,713.00	447,710.00	130,249.00	0.29
1983-1984	775	8,772,994.00	441,213.00	443,804.00	1.00
1982-1983	760	6,675,736.00	449,121.00	125,953.00	0.28
1981-1982	751	5,851,383.00	401,675.00	222,576.00	0.55
1980-1981	666	4,367,861.00	312,813.00	199,141.00	0.63
1979-1980	695	4,007,142.00	297,463.00	302,169.00	1.01
1978-1979	781	3,752,752.00	287,315.00	140,318.00	0.48
1977-1978	770	3,453,011.00	261,308.00	252,676.00	0.96
1976-1977	601	2,785,882.00	224,369.00	90,866.00	0.40
1975-1976	563	2,285,874.00	198,925.00	168,151.00	0.84
1974-1975	560	2,029,282.00	164,811.00	234,230.00	1.42
1973-1974	492	1,747,875.00	94,735.00	246,874.00	2.60
1972-1973	392	1,562,590.00	79,343.00	75,826.00	0.95
1971-1972	347	766,303.00	31,789.00	61,022.00	1.91
1970-1971	346	882,644.00	31,937.00	32,643.00	1.02
1969-1970	309	337,423.00	17,700.00	11,449.00	0.64

Since the program's implementation in 1969, for every dollar collected in premium from the farmer and the federal government's contribution, \$0.85 has been paid out in claims.

DAIRY LIVESTOCK INSURANCE CLAIMS SUMMARY**(April 1, 1988 – March 31, 1989)**

Insurable Diseases	No. Claim Animals	Total Claims Paid
1. Shipping fever	7	\$7,639.50
2. Reportable diseases	0	0
3. Infectious bovine rhinotracheitis	0	0

CLAIM SUMMARY RE: DAIRY LIVESTOCK INSURANCE PLAN**(April 1, 1978 – March 31, 1989)**

Disease	No. Claim Animals	Total Claims Paid
1. Acute mastitis*	106	\$104,291.40
2. Shipping fever	113	137,062.46
3. Infectious bovine rhinotracheitis	23	22,591.50
4. Brucellosis	2	810.70

* This peril is no longer covered.

SUMMARY OF DAIRY LIVESTOCK INSURANCE PLAN
(April 1, 1978 – March 31, 1989)

Years	No. Insured Herds	No. Insured Cattle	Total Premium	Claims Paid	Loss Ratio
1988-1989	313	25,913	\$35,485.64	\$7,639.50	0.21
1987-1988	305	25,410	39,104.26	3,200.00	0.08
1986-1987	297	24,538	38,936.11	17,593.05	0.45
1985-1986	269	22,662	39,106.13	36,775.90	0.94
1984-1985	219	18,263	42,030.80	14,459.00	0.34
1983-1984	209	18,037	43,820.40	3,400.00	0.77
1982-1983	205	17,253	42,423.00	21,133.16	0.50
1981-1982	249	20,430	53,326.15	16,120.35	0.30
1980-1981	284	22,817	77,919.61	53,089.50	0.68
1979-1980	403	29,491	86,731.88	60,501.10	0.70
1978-1979	352	26,121	59,198.14	31,744.50	0.54
		TOTAL	\$558,082.12	\$265,656.06	0.48

Since the program was implemented in 1978, for every dollar collected from the insured farmer, \$0.48 has been paid out in claims.

ACKNOWLEDGEMENTS

The Nova Scotia Crop and Livestock Insurance Commission expresses its appreciation to the following for the cooperation and assistance they have provided:

- Agriculture Canada — Crop Insurance Division
- Nova Scotia Department of Agriculture and Marketing
- Other provincial crop insurance agencies
- The Commission's field and clerical staff

Over the past 20 years, the Commission has received cooperation from farmers and commodity groups in Nova Scotia. At this time the Commission wishes to recognize and express appreciation for the assistance received.

CONCLUSION

The 1988 crop year will be remembered as producing the largest apple crop in 40 years and the largest lowbush blueberry crop ever. From a financial standpoint the Commission was in a surplus position at the end of the year. A number of crop insurance plans were amended in consultation with commodity organizations where possible. The dairy plan was amended so that the loss of income benefit for a two-month period is being provided at no extra premium cost. The Commission office was delegated the responsibility of administering the Tripartite Stabilization Programs for cow/calf, feeder slaughter, lambs, apple, and honey.

COMMISSION OFFICERS

Board Members

- P. van Oostrum, Chairman — Canard, Kings County
J. Johnson, Vice-Chairman — Department of Agriculture and
Marketing
W. McCurdy, Member — Old Barns, Colchester County
D. Dickinson, Member — Southampton, Cumberland County
W. Dykstra, Member — Scotsburn, Pictou County
W. Swetnam, Member — Sheffield Mills, Kings County

Principal Officers

- D.G. MacNeil — Manager
K.G. Bartlett — Secretary
B.A. Pratt — Accounting Clerk
B.M. Mahoney — Supervisor, Field Services
R.F. Saunders — Regional Field Representative

Auditor

Auditor General — Province of Nova Scotia

Solicitor

J.R.M. Akerman, Q.C.

Field Staff

K. Morton
H. Bosveld

AUDITOR'S REPORT

To the Chairman and Members of the
Nova Scotia Crop and Livestock
Insurance Commission and to the
Minister of Agriculture and Marketing

I have examined the balance sheet of the Nova Scotia Crop and Livestock Insurance Commission as at March 31, 1989, and the statement of revenues and expenses of the Commission and the statement of continuity of the Crop and Livestock Insurance Fund for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly, included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies stated in Note 2 to the financial statements, applied on a basis consistent with that of the preceding year.

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
June 2, 1989

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION**

BALANCE SHEET

As at March 31, 1989

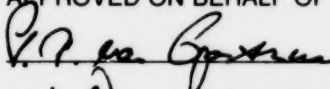
ASSETS

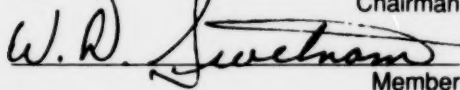
	1989	1988
Current		
Cash	\$ 22,590	\$ 7,629
Short term investments	3,096,994	2,395,758
Accounts receivable – premiums	3,318	10,560
Accrued interest receivable	104,424	93,819
	<u>\$3,227,326</u>	<u>\$2,507,766</u>

LIABILITIES AND FUND BALANCES

Current		
Unearned premiums	\$ 38,140	\$ 45,805
Insurees' deposits	3,640	3,868
Provision for payment of unsettled indemnities	2,636	4,301
	<u>44,416</u>	<u>53,974</u>
Long Term		
Advance from Province of Nova Scotia	<u>230,000</u>	<u>230,000</u>
Crop and Livestock Insurance Fund		
Crop insurance	2,555,382	1,892,538
Livestock insurance	397,528	331,254
	<u>2,952,910</u>	<u>2,223,792</u>
	<u>\$3,227,326</u>	<u>\$2,507,766</u>

APPROVED ON BEHALF OF THE COMMISSION


Chairman


Member

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION**

**STATEMENT OF CONTINUITY
CROP AND LIVESTOCK INSURANCE FUND**

For the Year Ended March 31, 1989

	Crop Insurance	Livestock Insurance	Totals	
			1989	1988
Balance, beginning of year	\$1,892,538	\$331,254	\$2,223,792	\$1,609,883
Add: Net income	<u>662,844</u>	<u>66,274</u>	<u>729,118</u>	<u>613,909</u>
Balance, end of year	<u>\$2,555,382</u>	<u>\$397,528</u>	<u>\$2,952,910</u>	<u>\$2,223,792</u>

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION**

STATEMENT OF REVENUES AND EXPENSES

For the Year Ended March 31, 1989

	Crop Insurance	Livestock Insurance	Totals	
			1989	1988
Revenues				
Insurance premiums				
(Schedule A)	\$533,776	\$37,648	\$571,424	\$580,120
Interest income	233,495	38,263	271,758	192,037
Miscellaneous	204	2	206	297
	<u>767,475</u>	<u>75,913</u>	<u>843,388</u>	<u>772,454</u>
Expenses				
Indemnity claims				
(Schedule A)	104,631	9,639	114,270	158,465
Administrative expenses				
(Schedule B)	258,522	18,268	276,790	271,496
Bad debt expense	—	—	—	80
	<u>363,153</u>	<u>27,907</u>	<u>391,060</u>	<u>430,041</u>
Income before Government contribution	404,322	48,006	452,328	342,413
Contribution by the Province of Nova Scotia (Note 3)	258,522	18,268	276,790	271,496
Net income	<u><u>\$662,844</u></u>	<u><u>\$66,274</u></u>	<u><u>\$729,118</u></u>	<u><u>\$613,909</u></u>

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION**

NOTES TO FINANCIAL STATEMENTS

March 31, 1989

1. Authority

The Nova Scotia Crop and Livestock Insurance Commission was established pursuant to Section 2(1) of the Nova Scotia Crop and Livestock Insurance Act. The function of the Commission is to administer plans of crop and livestock insurance, and conduct programs relating to these plans.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the policy of charging furniture and equipment purchases to expense in the year of acquisition.

3. Government Contributions

The Department of Agriculture and Marketing pays the administrative expenses of the Commission. This amount is shown as a contribution by the Province of Nova Scotia on the statement of revenues and expenses.

4. Crop Re-Insurance Fund

The Province is party to an agreement with the Government of Canada, whereby, the Province makes advances to a fund administered by the Government of Canada called the Crop Re-Insurance Fund of Canada for Nova Scotia. The purpose of this Fund is to assist the Province of Nova Scotia when there is a requirement by the Province to make advances to the Commission for the payment of crop insurance indemnities. The balance of the non-interest bearing advances on hand in this Fund belonging to the Province as at March 31, 1989 was \$516,699. Transactions concerning this Fund are recorded by the Province and not in the accounting records of the Commission.

PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK INSURANCE COMMISSION

PREMIUM REVENUE AND INDEMNITY CLAIMS
For the Year Ended March 31, 1989

(Schedule A)

	Premium Revenue		Indemnity Claims	
	Farmer	Federal	1989	1988
Crop Insurance				
Spring grain	\$18,254	\$18,254	\$36,508	\$37,468
Winter grain	13,242	13,242	26,484	17,268
Tree fruit	84,539	84,539	169,078	171,294
Tobacco	18,798	18,798	37,596	46,764
Corn	22,731	22,731	45,462	41,016
Peas & beans	53,109	53,109	106,218	105,600
Blueberries	18,762	18,762	37,524	41,760
Strawberries	3,158	3,158	6,316	5,976
Forage	170	170	340	934
Soybeans	1,011	1,011	2,022	1,134
Potatoes	33,114	33,114	66,228	72,936
	266,888	266,888	533,776	542,150
Livestock Insurance				
Dairy	37,648	—	37,648	37,970
Total	\$304,536	\$266,888	\$571,424	\$580,120
			9,639	3,200
			\$114,270	\$158,465

**PROVINCE OF NOVA SCOTIA
NOVA SCOTIA CROP AND LIVESTOCK
INSURANCE COMMISSION**

ADMINISTRATIVE EXPENSES

(Schedule B)

For the Year Ended March 31, 1989

	1989	1988
Salaries and wages	\$200,776	\$191,832
Travel	26,957	24,432
Professional and special services	4,150	6,200
Supplies and services	19,714	26,518
Other	25,193	22,514
	<u>\$276,790</u>	<u>\$271,496</u>